



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

SUMMARY OF THE PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM INVESTMENT COMMITTEE

HELD ON
Monday, March 15, 2010
2:30 p.m.

The Investment Committee (IC) of the Arizona State Retirement System (ASRS) met at 3300 N. Central Avenue, 14th Floor Conference Room, Phoenix, Arizona 85012. Mr. Tom Connelly, Chair of the IC, called the meeting to order at 2:32 p.m., Arizona time.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Tom Connelly, Chair
Mr. Chris Harris, Vice-chair
Mr. Larry Trachtenberg

Absent: Mr. Jim McLaughlin

A quorum was present for the purpose of conducting business.

2. Approval of the Minutes of the February 16, 2010 Regular Session IC Meeting

Motion: Mr. Chris Harris moved the minutes of the February 16, 2010, Regular Session IC meeting be adopted as presented. Mr. Larry Trachtenberg seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

3. Presentation, Discussion, and Appropriate Action Regarding the ASRS Investment Management Governance Structure, Decision-Making Processes, and Investment Committee Charter

Mr. Paul Matson, Director, facilitated a discussion regarding the Asset Class Committee decision-making protocol, engagement of ASRS Investment Consultants, and proposed revisions to the IC Charter. The IC trustees and members of the Investment Management Division (IMD) gave their input for recommended changes to the decision-making process and investment management.

Mr. Matson mentioned four key items he would like to see within investment management, which are: engaging and utilizing intellectual capital, focusing on key factors of success and projects that add value, timely decision-making, and ensuring appropriate oversight. Mr. Matson asked the Trustees and Portfolio Managers for their input in an open dialogue roundtable. Mr. Tom Connelly, Chairman of the IC wanted to discuss how the current structure is working with all of the tradeoffs and how a certain amount of oversight needs to be in place since the Board has undertaken significant delegation. Formerly the Board

approved investment managers in the past and was much more involved in the decision-making process. He wants to make sure the oversight body is getting the information they need to feel comfortable. Also, Mr. Connelly mentions value added strategies and having discussions on the types of projects that would enhance plan returns without focusing on riskier investments.

Mr. Connelly also mentioned a sense of discomfort among the Board and the IC in regards to information flow from the IC on the Asset Class Committees. The IC trustees asked to begin receiving updates for Asset Class Committees they aren't involved in to stay apprised of the events and decisions taking place in each asset class. Mr. Matson suggested a simple solution, which is to start sending each trustee a summary of all Asset Class Committee meetings they don't participate in. Mr. Connelly also asked Mr. Dokes, Chief Investment Officer, to compile a list of issues that have been resolved in the Investment Committee for tracking and informational purposes.

4. Future Agenda Items

- Structuring U.S. Equity

5. Call to the Public

No members of the public requested to speak to the IC.

The meeting adjourned at 5:21 p.m.

Respectfully submitted,

Andriana Valentino, Secretary Date

Gary R. Dokes, Chief Investment Officer Date